

**Statement of
The Honorable Linda M. Springer
Director
Office of Personnel Management**

Before the

**House Committee on Government Reform
Subcommittee on the Workforce and Agency Organization**

On

OPM's Fiscal Year 2007 Budget and New Strategic and Operational Plan

March 28, 2006

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to discuss the Office of Personnel Management's (OPM) proposed Fiscal Year (FY) 2007 Budget and new Strategic and Operational Plan. I am pleased to have this opportunity to share with you OPM's financial and budgetary needs, as well as our refocused mission, strategic objectives, and operational goals.

As you know, OPM provides a variety of products and services to the nearly 1.8 million employees in the Federal Government. Some of our products and services include managing health insurance for approximately 8 million current and former Federal employees and their families, administering retirement services for over 2 million retirees from all branches of government, completing 90% of background investigations, and administering career development programs. As the OPM Director, I am committed to successfully delivering on

our responsibilities on a timely basis. In short, I believe the American citizens and the Federal civilian workforce expect us to get things done. And we are working to do just that.

OPM's New Strategic and Operational Plan

In order for an organization to fulfill its mission, it is first necessary to have a clear understanding of that mission, with supporting strategic objectives and operational goals. These goals must be accompanied by strong oversight and accountability in order to reach optimal performance.

With these principles in mind, we began to outline the agency's goals and priorities, with an eye toward creating a more transparent and accountable OPM. This planning process was guided by an advisory group consisting of executives and senior General Schedule employees with OPM knowledge and expertise. During these meetings, the advisory group reviewed draft strategic objectives and goals, identified important program needs and milestones, and played a critical role in the development of the resultant plan.

During the planning process, I also reached out to other resources for input, including Members of Congress, the Chief Human Capital Officers Council Executive Committee, union leadership and the Office of Management and Budget.

The result is OPM's new Strategic and Operational Plan, which begins with a concise mission statement – to ensure the Federal Government has an effective civilian workforce. While this plan complies with the Government Performance and Results Act of 1993, it differs markedly

from previous OPM plans and other Federal agency plans as well. This is intentional. Its goals are straightforward and readily identifiable, with each being action-oriented and beginning with a verb. Each goal also has a date by which it will be accomplished. The plan's 170 goals are included in the OPM Senior Executives' performance agreements. This means that, under the new SES performance-based pay system, executive compensation is directly linked to successful execution of the plan's goals. The bottom line is this – program performance will remain subject to high level management attention to ensure achievement.

Achieving Our Goals

Among the priorities outlined in the Strategic and Operational Plan is improving the retirement claims process. We have set goals of making final 90% of initial retirement benefits in 30 days by October 1, 2006, and completing and mailing notices in 10 working days for 80% of subsequent change requests by October 1, 2006 by implementing process and workflow improvements. However, to sustain this level of performance in an environment of increasing rates of retirement, we must revamp the current paper-based system by implementing a modern electronic system to handle the increasing volume of claims being filed by Federal employees. We have set transparent milestones with due dates, such as awarding a retirement systems modernization contract by May 1, 2006, and an Information Technology service contract by June 1, 2006.

Accordingly, this year OPM is asking Congress to appropriate \$27 million to us so we can improve retirement administration using the new Information Technology system to process

claims. This is just one example of linking our mission to our operational goals and to our resource needs.

Funding the Plan

Operational planning and budgeting go hand in hand, and the OPM process was no exception. The new plan was developed concurrently with our 2007 budget request. The budget priorities you have seen in the Congressional Budget Justification can be traced back to program priorities in our new plan. This means that accomplishing the goals of the plan is realistic as long as the funding request is sustained.

This year OPM is requesting \$36.6 billion to carry out its mission in FY 2007. Of this total, \$36.3 billion, or 99%, is requested for mandatory payments with the remaining \$255.8 million, or 1%, for discretionary activities, including the Office of Inspector General's programs. OPM's FY 2007 discretionary budget request shows a net increase of only \$17.2 million compared to the FY 2006 level enacted by Congress.

Responsible Stewardship

But achieving success takes more than setting rigorous goals – it also requires a commitment to accountability and wise stewardship. The men and women of OPM follow the 10 Guiding Principles presented on page 5 of the plan. Taken together, they will require us to focus on what is most important – ensuring the Federal Government has an effective civilian workforce.

Thank you for the opportunity to appear before you today. I am prepared to answer any questions you may have.